

PHILIP MORRIS PRICE REDUCTION PROGRAM

Retailer Understanding of Participation Bonus Elements

To be entitled to receive the Philip Morris Participation Bonus, I understand that the participants will need to:

- 1) Effective August 9, establish new lower pricing for the following brands, with reductions in amounts no less than the list price reductions.

-Marlboro

-Merit

-Benson & Hedges

-Virginia Slims

-Parliament Lights

-Bucks

-Bristol

-Alpine

-Cambridge

-Other:

- 2) Effective August 9, announce new lower pricing for the above brands by revising all applicable in-store price communications (i.e. department markers, in-store price boards, etc...)

- 3) Effective August 9, place, for a 30 day period, the following:

-3 Marlboro point of sale pieces:

*2 Marlboro price bursts in the primary selling area.

*1 Marlboro exterior sign.

-1 Premium brand poster.

(shows Merit, Benson & Hedges, Virginia Slims, Parliament)

-1 Discount brand poster.

- 4) Provide Philip Morris and Marlboro with a competitive visibility advantage both inside and outside the store through point of sale placement during the 30 day promotion period.

For fully participating in this program, Philip Morris will pay the following participation bonus to participants:

Participation Bonus = \$ _____

Philip Morris reserves the right to audit compliance of any of these program requirements at any time and to withhold payment for any non-compliance.

Participation Bonus is payable as follows:
75% Upon first visit verifying performance
25% after verification of the 30 day POS requirement

STORE NAME _____

STORE ADDRESS _____

TERRITORY # _____

CALL # _____

PHILIP MORRIS REPRESENTATIVE (PLEASE PRINT) _____

SIGNATURE _____

DATE _____

I understand the elements of the Philip Morris Price Reduction Program and I will participate.

RETAILER (PRINT NAME) _____

SIGNATURE _____

DATE _____

PHILIP
MORRIS